



## **ISSUE ADVISORY- Order Seeks Fair Pay and Safe Workplaces for Federal Employees**

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**Federal Contractors Fail Workplace Standards** – Each year, the U.S. government sends \$500 billion in taxpayer dollars to private companies to provide the goods and services; these contractors employ 22 percent of the U.S. workforce. The Department of Labor (DOL) estimates that there are roughly 24,000 businesses with federal contracts, employing 26 million workers.

In July of last year, the Obama administration issued the Fair Pay and Safe Workplaces Executive Order, which seeks to increase transparency about federal contractors' violations of labor laws and hold contractors accountable by considering past violations. Formal comments, including ones from NOW, about this important Executive Order were submitted in late August to the DOL.

Most federal contractors do follow the rules when it comes to hiring, compensation, workplace conditions and other requirements for employers. But a substantial number of federal contractors currently disregard safety and health laws, deny overtime pay and discriminate in hiring and pay. These practices harm many employed by federal contractors – including millions of women – and without this executive order our tax dollars would go to repeat labor violation offenders. Very simply, what this means is that company owners and managers are highly compensated – with public dollars – while they cheat hard-working employees out of decent wages and sometimes risk employees' health and safety.

**Federal Contract Employees Suffer Low Pay** - Despite the fact that many of the federal contracts are large, multi-million dollar agreements, not all contractors pay fair wages. One in five federal contract workers earns less than is needed to support a family of four without falling into poverty. Women are 76 percent of workers in the 10 largest low-wage job categories and suffer a 10 percent wage gap. This executive order will help to protect women working in low-wage jobs under federal contracts by incentivizing contractors to treat their workers fairly. In addition, the order would ensure that individuals who believe their civil rights have been violated or that they have been victims of sexual assault or harassment can have their day in court.

Employers that engage in business with the federal government have moral and ethical obligations, befitting the standards of the federal government, to abide by the law and treat workers with respect, dignity, and fair wages. The Fair Pay and Safe Workplaces Executive Order will ensure that companies applying for federal contracts have every incentive to comply with federal labor and employment laws.

**Getting Paid, But Breaking the Law** – Research shows that federal contractors are among the worst violators of workplace laws. In 2013, Sen. Tom Harkin (D-Iowa), then chair of the Senate

Health, Education, Labor and Pensions (HELP) Committee, led an investigation that revealed widespread labor law violations among major government contractors. The investigation found that almost 30 percent of companies receiving the highest penalties for violations of federal labor law are also federal contractors. Forty-nine federal contractors found responsible for large violations of federal labor laws were cited for 1,776 separate enforcement violations and were ordered to pay \$196 million in penalties and assessments. Due to inadequacies in the law and regulations that fail to report on contractor's violations and mistreatment of workers, these contractors were rewarded with \$81 billion worth of federal contracts in 2012!

The HELP Committee report also noted that 42 workers died over the six-year period of the study as result of violations of occupational safety and health regulations by companies holding federal contracts in 2012. The same report concluded that the government lacked a way for officials to determine whether a contractor is a responsible entity and to evaluate the nature and severity of violations before awarding a contract.

**Rewarding Good Behavior** - The Fair Pay and Safe Workplaces Executive Order seeks to hold contractors accountable, crack down on repeat offenders, protect responsible contractors, give employees their day in court, and streamline implementation with improved contractor reporting. Under the order, agencies will require prospective contractors to disclose labor law violations from the past three years before they get the contract and will ensure that the worst actors do not get contracts and therefore cannot waste taxpayer money.

One of the key provisions of the executive order will govern new federal procurement contracts valued at more than \$500,000, providing information on companies' compliance with federal labor laws. This executive order would also ban those with contracts worth over \$1 million from having employees sign pre-dispute arbitration agreements preventing employees from taking their claims of violations of Title VII of the Civil Rights Act or sexual assault or harassment to court.

**Promote Fair Treatment for Employees** - In light of the trends in the workforce overall, it is increasingly important to promote federal contractors' compliance with basic labor, employment, and civil rights laws. Ensuring federal contractors abide by labor laws, promote paycheck transparency, expand opportunities outside of traditional jobs, increase the minimum wage, and eliminate barriers for workers to exercise their legal rights are how we get closer to pay and employment equity.

We need a steady and unrelenting pace to ensure worker's rights and protection. Stand by women workers and the federal contractors who already abide by labor laws and help defend this order from emerging opposition. Business and industry groups have asked President Obama to withdraw this order and Republicans in Congress, reportedly, are planning to try to deny the administration funding to implement this executive order.

Stay tuned!

**For more information:**

Visit the White House Executive Order pages-

<https://www.whitehouse.gov/the-press-office/2014/07/31/executive-order-fair-pay-and-safe-workplaces>

Fact Sheet: Fair Pay and Safe Workplaces Executive Order

<https://www.whitehouse.gov/the-press-office/2014/07/31/fact-sheet-fair-pay-and-safe-workplaces-executive-order>

Acting Responsibly? Federal Contractors Frequently Put Workers Lives and Livelihoods at Risk,  
U.S. Senate Health, Education, Labor and Pensions Committee, Majority Committee Staff

Report, December 11, 2013

<http://www.help.senate.gov/imo/media/doc/Labor%20Law%20Violations%20by%20Contractors%20Report.pdf>